



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0004

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Mary Mosiman, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

August 30, 2013

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on Bremer County, Iowa.

The County had local tax revenue of \$33,797,185 for the year ended June 30, 2012, which included \$881,230 in tax credits from the state. The County forwarded \$26,905,591 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$6,710,155 of the local tax revenue to finance County operations, a less than 1% increase from the prior year. Other revenues included charges for service of \$7,366,014, operating grants, contributions and restricted interest of \$4,113,130, capital grants, contributions and restricted interest of \$1,869,289, local option sales tax of \$942,884, tax increment financing of \$181,439, unrestricted investment earnings of \$143,287 and other general revenues of \$171,230.

Expenses for County operations totaled \$20,607,012, a 22% increase over the prior year. Expenses included \$5,736,363 for roads and transportation, \$4,323,083 for business type activities and \$3,192,417 for public safety and legal services. The increase in expenses is primarily due to an increase in roads and transportation expenses.

A copy of the audit report is available for review in the County Auditor's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1210-0009-B00F.pdf>.

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**BREMER COUNTY**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2012**

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## **Bremer County**

### **Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ken Kammeyer	Board of Supervisors	Jan 2013
Steven Reuter	Board of Supervisors	Jan 2013
Tim Neil	Board of Supervisors	Jan 2015
Shelley Wolf	County Auditor	Jan 2013
Sue Shonka	County Treasurer	Jan 2015
Donna Ellison	County Recorder	Jan 2015
Duane Hildebrandt	County Sheriff	Jan 2013
Kasey Wadding	County Attorney	Jan 2015
Jean Keller	County Assessor	Jan 2016

**Bremer County**



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Independent Auditor's Report

To the Officials of Bremer County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Bremer County's management. Our responsibility is to express opinions on these financial statements based on our audit.


We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County at June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated July 25, 2013 on our consideration of Bremer County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bremer County's basic financial statements. The financial statements for the nine years ended June 30, 2011 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

July 25, 2013



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Bremer County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2012 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 16.4%, or approximately \$2,422,000, from fiscal year 2011 to fiscal year 2012.
- Program expenses of the County's governmental activities increased 28.5%, or approximately \$3,609,000, from fiscal year 2011 to fiscal year 2012. Roads and transportation expenses increased approximately \$2,127,000.
- The County's governmental net assets increased 2.7%, or approximately \$947,000, from June 30, 2011 to June 30, 2012.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Bremer County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Bremer County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Bremer County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

## **Reporting the County's Financial Activities**

### *Government-wide Financial Statements*

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and nonprogram activities. Property tax and state and federal grants finance most of these activities.

### *Fund Financial Statements*

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services and Secondary Roads, 3) the Debt Service Fund and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) Proprietary funds account for the County's Internal Service, Employee Group Health Fund and the County's Enterprise, Community Based Services Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Enterprise Funds are used to report business type activities.

The required financial statements for proprietary funds include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for auto license and use tax, emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. Bremer County's combined net assets changed from a year ago, increasing from a restated balance of \$34,473,566 to \$35,363,982. The analysis which follows focuses on the changes in the net assets of governmental and business type activities.

	Net Assets					
	Governmental		Business Type		Total	
	Activities		Activities			
	June 30,		June 30,		June 30,	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$20,198,041	23,681,555	183,950	524,967	20,381,991	24,206,522
Capital assets	27,319,923	26,444,144	417,338	267,356	27,737,261	26,711,500
Total assets	47,517,964	50,125,699	601,288	792,323	48,119,252	50,918,022
Long-term liabilities	4,418,658	8,758,052	203,531	133,774	4,622,189	8,891,826
Other liabilities	7,991,151	7,206,696	141,930	345,934	8,133,081	7,552,630
Total liabilities	12,409,809	15,964,748	345,461	479,708	12,755,270	16,444,456
Net assets:						
Invested in capital assets,						
net of related debt	24,184,611	23,314,144	417,209	267,356	24,601,820	23,581,500
Restricted	6,720,472	6,531,350	-	-	6,720,472	6,531,350
Unrestricted	4,203,072	4,315,457	(161,382)	45,259	4,041,690	4,360,716
Total net assets	\$35,108,155	34,160,951	255,827	312,615	35,363,982	34,473,566

Net assets of Bremer County's governmental activities increased approximately \$947,000 (approximately \$35,108,000 compared to approximately \$34,161,000). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net asset component increased approximately \$189,000, or 2.9%. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements decreased approximately \$112,000, or 2.6%.

Net assets of Bremer County's business type activities decreased approximately \$57,000, or 18.2%, primarily because revenues did not keep pace with expenses.

Changes in Net Assets						
	Governmental		Business Type		Total	
	Activities		Activities			
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for service	\$ 3,079,419	1,890,189	4,286,595	4,165,241	7,366,014	6,055,430
Operating grants, contributions and restricted interest	4,113,130	4,005,636	-	-	4,113,130	4,005,636
Capital grants, contributions and restricted interest	1,869,289	738,538	-	-	1,869,289	738,538
General revenues:						
Property tax	6,525,132	6,526,985	-	-	6,525,132	6,526,985
Tax increment financing	181,439	177,932	-	-	181,439	177,932
Penalty and interest on property tax	29,116	51,494	-	-	29,116	51,494
State tax credits	185,023	133,384	-	-	185,023	133,384
Local option sales tax	942,884	838,622	-	-	942,884	838,622
Grants and contributions not restricted to specific purposes	-	-	-	-	-	-
Unrestricted investment earnings	143,287	207,152	-	-	143,287	207,152
Gain on disposition of capital asset	-	29,538	-	-	-	29,538
Miscellaneous	142,114	219,066	-	60,989	142,114	280,055
Total revenues	17,210,833	14,818,536	4,286,595	4,226,230	21,497,428	19,044,766
Program expenses:						
Public safety and legal services	3,192,417	3,078,318	-	-	3,192,417	3,078,318
Physical health and social services	413,643	275,974	-	-	413,643	275,974
Mental health	2,621,318	2,050,831	-	-	2,621,318	2,050,831
County environment and education	1,235,813	1,325,048	-	-	1,235,813	1,325,048
Roads and transportation	5,736,363	3,609,084	-	-	5,736,363	3,609,084
Governmental services to residents	744,920	576,189	-	-	744,920	576,189
Administration	2,061,537	1,519,651	-	-	2,061,537	1,519,651
Non program	24,239	28,694	-	-	24,239	28,694
Interest on long-term debt	233,379	190,347	-	-	233,379	190,347
Community based services	-	-	4,343,383	4,314,910	4,343,383	4,314,910
Total expenses	16,263,629	12,654,136	4,343,383	4,314,910	20,607,012	16,969,046
Transfers	-	(30,027)	-	30,027	-	-
Change in net assets	947,204	2,164,400	(56,788)	(88,680)	890,416	2,075,720
Net assets beginning of year, as restated	34,160,951	32,026,578	312,615	371,268	34,473,566	32,397,846
Net assets end of year	\$35,108,155	34,190,978	255,827	282,588	35,363,982	34,473,566

The County slightly decreased the countywide property tax and levy rates for fiscal year 2012. The rural levy rate remained unchanged at \$3.95 per \$1,000 of taxable valuation while the countywide levy was slightly lower at \$4.98201 per \$1,000 of taxable valuation in fiscal year 2012.

The cost of all governmental activities this year was approximately \$16.3 million compared to approximately \$12.7 million last year. However, as shown in the Statement of Activities on page 15, the amount taxpayers ultimately financed for these activities was approximately \$7.2 million because some of the cost was paid by those directly benefited from the programs (approximately \$3,079,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$5,982,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, increased in fiscal year 2012 from approximately \$6,634,000 to approximately \$9,061,000, principally due to more roads and transportation projects paid directly by the Iowa Department of Transportation.

## INDIVIDUAL MAJOR FUND ANALYSIS

As Bremer County completed the year, its governmental funds reported a combined fund balance of \$11,278,113, a decrease of \$4,739,276 from last year's restated total of \$16,017,389. The decrease in fund balance is primarily attributable to calling and repaying \$4,330,000 of general obligation bonds. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund ending fund balance decreased \$375,237 from the prior year to \$4,451,512. Total revenue decreased 4.9%, or approximately \$307,000. Total expenditures increased 4.5%, or approximately \$271,000, compared to fiscal year 2011. The Conservation Land Acquisition Fund is now a part of the General Fund for reporting purposes due to implementation of GASB Statement No. 54.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$2,690,714, an increase of approximately \$584,000 over the prior year. The Special Revenue, Mental Health Fund balance at year end decreased \$397,497 from the prior year end.
- The Special Revenue, Rural Services Fund balance increased \$26,703 over the prior year to \$248,397. Revenues increased \$88,021, primarily due to an increase in property tax.
- Special Revenue, Secondary Roads Fund expenditures increased approximately \$533,000 over the prior year, due primarily to an increase in capital projects. Revenues increased approximately \$769,000. The increase in revenues was a result of additional reimbursement from the state for higher capital project costs. The Special Revenue, Secondary Roads Fund ending fund balance increased \$206,886 to \$1,298,155.
- The Special Revenue, Solid Waste Management Fund balance decreased \$63,987 from the prior year to \$1,587,180. Expenditures continue to outpace revenues.
- The Special Revenue, Solid Waste Closure Fund balance decreased a modest \$13,788 to \$1,488,893.
- The Debt Service Fund balance decreased \$4,097,928. The decrease is attributable to the County calling and redeeming two general obligation bond issues for which refunding bonds were issued in the prior year.

The major business type activities fund is as follows:

- The Enterprise, Community Based Services Fund balance decreased \$56,788 as expenses outpaced revenues. The County continues to look for ways to manage the expenses and revenues related to Community Based Services.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Bremer County amended its budget once. The most significant increase was in the other financing sources budget and was primarily due to general obligation refunding bond proceeds to call certain outstanding general obligation debt. The budget for the debt service function was increased to call and repay certain outstanding general obligation debt.

The County's actual receipts were \$254,818 more than budgeted. The most significant variance resulted from the County receiving more miscellaneous receipts than anticipated.

Total actual disbursements were \$877,287 less than the amended budget, a variance of 4.3%. Actual disbursements for the public safety and legal services, administration and county environment and education functions were \$297,660, \$146,666 and \$142,866, respectively, less than budgeted.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

Bremer County's governmental and business type activities concluded fiscal year 2012 with \$27,737,261 invested (net of depreciation) in a broad range of capital assets, including public safety equipment, buildings, parks facilities, landfill, roads and bridges.

Capital Assets of Governmental Activities at Year End		
	June 30,	
	2012	2011
Land	\$ 1,358,404	1,348,642
Construction in process	2,575,982	2,075,671
Buildings	6,104,383	6,391,209
Equipment and vehicles	1,524,310	1,482,972
Infrastructure, road network	14,417,029	13,737,692
Infrastructure, other	1,339,815	1,407,958
Total	<u>\$ 27,319,923</u>	<u>26,444,144</u>
This year's major additions include:		
Road network infrastructure		\$ 2,034,055
Two Freightliner trucks and other equipment		273,998
Total		<u>\$ 2,308,053</u>

Capital assets of Bremer County's business type activities increased \$149,982 over fiscal year 2011 to \$417,338. The primary reason for the increase was the purchase of the Drexler building.

The County's governmental activities had depreciation expense of \$1,369,926 in fiscal year 2012 and total accumulated depreciation of \$20,820,827 at June 30, 2012.

More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

### **Long-Term Debt**

At June 30, 2012, Bremer County had \$3,130,000 of general obligation bonds outstanding, compared to \$7,460,000 at June 30, 2011.

Outstanding Debt of Governmental Activities at Year End		
	June 30,	
	2012	2011
General obligation bonds	<u>\$ 3,130,000</u>	<u>7,460,000</u>

The decrease is attributable to the County calling and redeeming two general obligation bond issues totaling \$4,330,000 for which refunding bonds were issued in the prior year.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Bremer County's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$88,800,000. Additional information about the County's long-term debt and other long-term liabilities is presented in Note 8 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Bremer County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2013 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County as of June 2012 stands at 4.0% versus 4.4% a year ago. This compares with the State's unemployment rate of 5.3%.

These indicators were taken into account when adopting the budget for fiscal year 2013. The fiscal year 2013 budget of \$16,029,628 increased 1.4% over the fiscal year 2012 original budget of \$15,812,680. Property tax will increase slightly, even though the tax rate is decreasing slightly, because assessed valuations have increased.

If these estimates are realized, the County's ending cash balance is expected to decrease approximately \$1,316,000 by the close of fiscal year 2013 from the fiscal year 2012 ending cash balance.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Bremer County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bremer County Auditor's Office, 415 East Bremer Avenue, Waverly, Iowa 50677.

**Exhibit A**

Bremer County  
Statement of Net Assets  
June 30, 2012

	Governmental Activities	Business Type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 11,722,484	-	11,722,484
Receivables:			
Property tax:			
Delinquent	21,384	-	21,384
Succeeding year	6,860,000	-	6,860,000
Succeeding year tax increment financing	169,000	-	169,000
Accounts	52,437	256,361	308,798
Economic development loan	8,625	-	8,625
Notes	-	56,000	56,000
Leases	-	35,792	35,792
Accrued interest	2,055	-	2,055
Community Based Services loan	186,267	(186,267)	-
Due from other governments	545,306	256,959	802,265
Internal balances	244,758	(244,758)	-
Inventories	334,985	-	334,985
Prepaid insurance	50,740	9,863	60,603
Capital assets, net of accumulated depreciation	27,319,923	417,338	27,737,261
<b>Total assets</b>	<b>47,517,964</b>	<b>601,288</b>	<b>48,119,252</b>
<b>Liabilities</b>			
Accounts payable	465,360	22,108	487,468
Accrued interest payable	5,312	-	5,312
Salaries and benefits payable	220,882	80,936	301,818
Due to other governments	270,597	21,616	292,213
Unearned revenue:			-
Succeeding year property tax	6,860,000	-	6,860,000
Succeeding year tax increment financing	169,000	-	169,000
Other	-	17,270	17,270
Long-term liabilities:			
Portion due or payable within one year:			
General obligation urban renewal capital loan notes	255,000	-	255,000
Early retirement	4,783	-	4,783
Compensated absences	313,930	67,569	381,499
Portion due or payable after one year:			
General obligation urban renewal capital loan notes	2,875,000	-	2,875,000
Estimated liability for landfill closure and postclosure care	581,700	-	581,700
Compensated absences	127,339	48,993	176,332
Net OPEB liability	260,906	86,969	347,875
<b>Total liabilities</b>	<b>12,409,809</b>	<b>345,461</b>	<b>12,755,270</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	24,184,611	417,209	24,601,820
Restricted for:			
Supplemental levy purposes	187,686	-	187,686
Mental health purposes	670,165	-	670,165
Rural services purposes	226,906	-	226,906
Secondary roads purposes	1,173,870	-	1,173,870
Landfill closure and postclosure care	907,193	-	907,193
Conservation purposes	224,598	-	224,598
Solid waste management	1,576,247	-	1,576,247
Other purposes	1,753,807	-	1,753,807
Unrestricted	4,203,072	(161,382)	4,041,690
<b>Total net assets</b>	<b>\$ 35,108,155</b>	<b>255,827</b>	<b>35,363,982</b>

See notes to financial statements.



Bremer County  
Statement of Activities  
Year ended June 30, 2012

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Service	Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>							
Governmental activities:							
Public safety and legal services	\$ 3,192,417	606,060	133,113	-	(2,453,244)	-	(2,453,244)
Physical health and social services	413,643	16,601	51,674	-	(345,368)	-	(345,368)
Mental health	2,621,318	21,083	1,269,700	106,601	(1,223,934)	-	(1,223,934)
County environment and education	1,235,813	445,563	42,711	-	(747,539)	-	(747,539)
Roads and transportation	5,736,363	406,151	2,581,918	1,762,688	(985,606)	-	(985,606)
Governmental services to residents	744,920	497,430	14	-	(247,476)	-	(247,476)
Administration	2,061,537	1,086,531	34,000	-	(941,006)	-	(941,006)
Non-program	24,239	-	-	-	(24,239)	-	(24,239)
Interest on long-term debt	233,379	-	-	-	(233,379)	-	(233,379)
Total governmental activities	16,263,629	3,079,419	4,113,130	1,869,289	(7,201,791)	-	(7,201,791)
Business type activities							
Community Based Services	4,343,383	4,286,595	-	-	-	(56,788)	(56,788)
Total	\$20,607,012	7,366,014	4,113,130	1,869,289	(7,201,791)	(56,788)	(7,258,579)
<b>General Revenues:</b>							
Property and other county tax levied for general purposes					6,525,132	-	6,525,132
Tax increment financing					181,439	-	181,439
Penalty and interest on property tax					29,116	-	29,116
State tax credits					185,023	-	185,023
Local option sales tax					942,884	-	942,884
Unrestricted investment earnings					143,287	-	143,287
Miscellaneous					142,114	-	142,114
Total general revenues					8,148,995	-	8,148,995
Change in net assets					947,204	(56,788)	890,416
Net assets beginning of year					34,160,951	312,615	34,473,566
Net assets end of year					\$ 35,108,155	255,827	35,363,982

See notes to financial statements.

Bremer County  
Balance Sheet  
Governmental Funds

June 30, 2012

		Special	
		Mental	Rural
	General	Health	Services
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ 4,257,530	987,400	255,530
Receivables:			
Property tax:			
Delinquent	12,726	2,890	5,768
Succeeding year	4,104,000	870,000	1,886,000
Succeeding year tax increment financing	-	-	-
Accounts	41,338	640	-
Economic development loans	-	-	-
Accrued interest	-	-	-
Interfund	244,758	-	-
Advance to other fund	186,267	-	-
Due from other governments	75,305	61,785	-
Inventories	-	-	-
Prepaid insurance	24,156	2,552	357
<b>Total assets</b>	<b>\$ 8,946,080</b>	<b>1,925,267</b>	<b>2,147,655</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 34,684	91,081	-
Salaries and benefits payable	138,994	12,220	7,490
Due to other funds	-	-	-
Due to other governments	17,897	252,291	-
Deferred revenue:			
Succeeding year property tax	4,104,000	870,000	1,886,000
Succeeding year tax increment financing	-	-	-
Other	12,726	2,890	5,768
Total liabilities	4,308,301	1,228,482	1,899,258
Fund balances:			
Nonspendable:			
Advance to other fund	186,267	-	-
Inventories	-	-	-
Prepaid insurance	24,156	2,552	357
Restricted for:			
Supplemental levy purposes	195,446	-	-
Mental health purposes	-	694,233	-
Rural services purposes	-	-	248,040
Secondary roads purposes	-	-	-
Landfill closure and postclosure care	-	-	-
Solid waste /transfer station	-	-	-
Conservation land acquisition/capital improvements	224,598	-	-
Prison room and board	236,323	-	-
Other purposes	-	-	-
Unassigned	3,770,989	-	-
Total fund balances	4,637,779	696,785	248,397
<b>Total liabilities and fund balances</b>	<b>\$ 8,946,080</b>	<b>1,925,267</b>	<b>2,147,655</b>

See notes to financial statements.

Revenue				
Secondary Roads	Solid Waste Management	Solid Waste Closure Costs	Nonmajor	Total
850,753	1,590,601	1,488,893	1,382,788	10,813,495
-	-	-	-	21,384
-	-	-	-	6,860,000
-	-	-	169,000	169,000
2,120	7,038	-	1,301	52,437
-	-	-	8,625	8,625
-	-	-	1,231	1,231
-	-	-	-	244,758
321,489	-	-	315,965	823,721
264,740	-	-	143,476	545,306
334,985	-	-	-	334,985
22,007	1,668	-	-	50,740
1,796,094	1,599,307	1,488,893	2,022,386	19,925,682
123,080	8,434	-	16,081	273,360
58,485	3,693	-	-	220,882
315,965	-	-	321,489	637,454
409	-	-	-	270,597
-	-	-	-	6,860,000
-	-	-	169,000	169,000
-	-	-	8,625	30,009
497,939	12,127	-	515,195	8,461,302
-	-	-	-	186,267
334,985	-	-	-	334,985
22,007	1,668	-	-	50,740
-	-	-	-	195,446
-	-	-	-	694,233
-	-	-	-	248,040
941,163	-	-	-	941,163
-	-	1,488,893	-	1,488,893
-	1,585,512	-	-	1,585,512
-	-	-	-	224,598
-	-	-	-	236,323
-	-	-	1,507,191	1,507,191
-	-	-	-	3,770,989
1,298,155	1,587,180	1,488,893	1,507,191	11,464,380
1,796,094	1,599,307	1,488,893	2,022,386	19,925,682

**Bremer County**

## Bremer County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Assets

June 30, 2012

<b>Total governmental fund balances (page 17)</b>	\$ 11,464,380
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***Amounts reported for governmental activities in the Statement of Net Assets are different because:***

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$48,140,750 and the accumulated depreciation is \$20,820,827.	27,319,923
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Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.	30,009
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The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	717,813
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Long-term liabilities, including general obligation bonds payable, landfill closure and postclosure care payable, compensated absences payable, early retirement payable, other postemployment benefits payable and accrued interest payable, are not due and payable in the current year and, therefore, are not reported in the governmental funds.	(4,423,970)
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**Net assets of governmental activities (page 14)**

	<u>\$ 35,108,155</u>
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See notes to financial statements.

Bremer County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2012

	General	Mental Health	Special Rural Services
Revenues:			
Property and other county tax	\$ 3,818,704	867,351	1,804,546
Local option sales tax	-	-	-
Penalty and interest on property tax	45,109	-	-
Tax increment financing	-	-	-
Intergovernmental	687,685	1,370,563	61,520
Licenses and permits	256,208	-	-
Charges for service	705,857	-	-
Use of money and property	271,255	-	-
Miscellaneous	234,978	55,303	-
Total revenues	6,019,796	2,293,217	1,866,066
Expenditures:			
Operating:			
Public safety and legal services	2,829,064	-	247,859
Physical health and social services	408,499	-	-
Mental health	-	2,690,714	-
County environment and education	731,108	-	172,491
Roads and transportation	-	-	-
Governmental services to residents	664,165	-	1,678
Administration	1,474,736	-	-
Non-program	36,532	-	-
Debt service	-	-	-
Capital projects	87,267	-	-
Total expenditures	6,231,371	2,690,714	422,028
Excess (deficiency) of revenues over (under) expenditures	(211,575)	(397,497)	1,444,038
Other financing sources (uses):			
Sale of capital assets	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(163,662)	-	(1,417,335)
Total other financing sources (uses)	(163,662)	-	(1,417,335)
Change in fund balances	(375,237)	(397,497)	26,703
Fund balances beginning of year, as restated	4,826,749	1,094,282	221,694
Fund balances end of year	\$ 4,451,512	696,785	248,397

See notes to financial statements.

Revenue			Debt Service	Nonmajor	Total
Secondary Roads	Solid Waste Management	Solid Waste Closure			
-	-	-	-	-	6,490,601
-	-	-	-	942,884	942,884
-	-	-	-	-	45,109
-	-	-	-	181,439	181,439
3,014,138	-	-	-	25,612	5,159,518
8,955	-	-	-	-	265,163
82	106,006	-	-	5,004	816,949
-	-	-	8,336	33,982	313,573
397,145	1,466	-	-	2,522	691,414
3,420,320	107,472	-	8,336	1,191,443	14,906,650
-	-	-	-	26,614	3,103,537
-	-	-	-	-	408,499
-	-	-	-	-	2,690,714
-	171,459	13,788	-	16,098	1,104,944
4,361,680	-	-	-	-	4,361,680
-	-	-	-	-	665,843
-	-	-	-	-	1,474,736
-	-	-	-	-	36,532
-	-	-	4,106,264	466,651	4,572,915
447,475	-	-	-	700,984	1,235,726
4,809,155	171,459	13,788	4,106,264	1,210,347	19,655,126
(1,388,835)	(63,987)	(13,788)	(4,097,928)	(18,904)	(4,748,476)
9,200	-	-	-	-	9,200
1,902,486	-	-	-	315,965	2,218,451
(315,965)	-	-	-	(321,489)	(2,218,451)
1,595,721	-	-	-	(5,524)	9,200
206,886	(63,987)	(13,788)	(4,097,928)	(24,428)	(4,739,276)
1,091,269	1,651,167	1,502,681	4,097,928	1,531,619	16,017,389
1,298,155	1,587,180	1,488,893	-	1,507,191	11,278,113

## Bremer County

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances -  
Governmental Funds to the Statement  
of Activities

Year ended June 30, 2012

**Change in fund balances - Total governmental funds (page 21)** \$ (4,739,276)

***Amounts reported for governmental activities in the Statement of Activities are different because:***

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures and contributed capital assets exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 1,112,921	
Capital assets contributed by the Iowa Department of	1,324,223	
Depreciation expense	(1,369,926)	1,067,218

In the Statement of Activities, the loss on the disposition of capital assets is reported, whereas the governmental funds report the proceeds from the disposition as an increase in financial resources. (5,172)

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds, as follows:

Property tax	34,531	
Other	(35,757)	(1,226)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 4,330,000

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Adjustment to estimated costs for landfill closure and postclosure care	19,950	
Compensated absences	59,740	
Other postemployment benefits	(71,148)	
Early retirement	852	
Interest on long-term debt	9,536	18,930

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The change in net assets of the Internal Service Fund is reported with governmental activities. 276,730

**Change in net assets of governmental activities (page 15)** \$ 947,204

See notes to financial statements.



Bremer County  
Statement of Net Assets  
Proprietary Funds

June 30, 2012

	Enterprise Community Based Services	Internal Service Employee Group Health	Total
<b>Assets</b>			
Cash, cash equivalents and pooled investments	\$ -	908,989	908,989
Receivables:			
Accounts	256,361	-	256,361
Accrued interest	-	824	824
Note	56,000	-	56,000
Lease	35,792	-	35,792
Due from other governments	256,959	-	256,959
Prepaid insurance	9,863	-	9,863
Capital assets, net of accumulated depreciation	417,338	-	417,338
<b>Total assets</b>	<b>1,032,313</b>	<b>909,813</b>	<b>1,942,126</b>
<b>Liabilities</b>			
Accounts payable	22,108	192,000	214,108
Salaries and benefits payable	80,936	-	80,936
Due to other governments	21,616	-	21,616
Interfund payable	244,758	-	244,758
Unearned revenue	17,270	-	17,270
Long-term liabilities:			
Portion due or payable within one year:			
Compensated absences	67,569	-	67,569
Advance from General Fund	12,172	-	12,172
Portion due or payable after one year:			
Compensated absences	48,993	-	48,993
Advance from General Fund	174,095	-	174,095
Net OPEB liability	86,969	-	86,969
<b>Total liabilities</b>	<b>776,486</b>	<b>192,000</b>	<b>968,486</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	417,209	-	417,209
Unrestricted	(161,382)	717,813	556,431
<b>Total net assets</b>	<b>\$ 255,827</b>	<b>717,813</b>	<b>973,640</b>

See notes to financial statements.

Bremer County  
Statement of Revenues, Expenses and  
Changes in Fund Net Assets  
Proprietary Funds

Year ended June 30, 2012

	Enterprise Community Based Services	Internal Service Employee Group Health	Total
Operating revenues:			
Reimbursements from operating funds	\$ 39,316	1,644,787	1,684,103
Reimbursements from employees	-	86,008	86,008
State grants	85,372	-	85,372
Charges for service	4,084,749	-	4,084,749
Building rent	77,158	-	77,158
Miscellaneous	-	264,823	264,823
Total operating revenues	4,286,595	1,995,618	6,282,213
Operating expenses:			
Medical claims	-	1,299,302	1,299,302
Insurance premiums	-	373,391	373,391
Administrative fees	-	51,906	51,906
Salaries and wages	1,977,488	-	1,977,488
Fringe benefits	776,150	-	776,150
Contracted labor	1,179,604	-	1,179,604
Travel and training	84,505	-	84,505
Utilities	20,856	-	20,856
Insurance	36,186	-	36,186
Advertising	6,571	-	6,571
Office and general	60,564	-	60,564
Maintenance and repair	39,175	-	39,175
Telephone	28,603	-	28,603
Computer maintenance and support	55,186	-	55,186
Depreciation	47,310	-	47,310
Dues and membership	3,681	-	3,681
Professional fees	21,585	-	21,585
Miscellaneous	3,715	-	3,715
Total operating expenses	4,341,179	1,724,599	6,065,778
Operating income (loss)	(54,584)	271,019	216,435
Non-operating revenues (expenses):			
Interest expense	(2,204)	-	(2,204)
Interest income	-	5,711	5,711
Net non-operating revenues (expenses)	(2,204)	5,711	3,507
Change in net assets	(56,788)	276,730	219,942
Net assets beginning of year	312,615	441,083	753,698
Net assets end of year	\$ 255,827	717,813	973,640

See notes to financial statements.

Bremer County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2012

	Enterprise Community Based Services	Internal Service Employee Group Health	Total
Cash flows from operating activities:			
Cash received from operating fund reimbursements	\$ 39,316	1,644,787	1,684,103
Cash received from (paid to) employees	(2,689,160)	86,008	(2,603,152)
Cash received from other operating receipts	4,132,953	264,823	4,397,776
Cash paid to suppliers for services	(1,663,401)	(1,775,069)	(3,438,470)
Net cash provided (used) by operating activities	(180,292)	220,549	40,257
Cash flows from noncapital financing activities:			
Negative cash balance implicitly financed	244,758	-	244,758
Cash flows from capital and related financing activities:			
Repayment of building loan	(11,025)	-	(11,025)
Interest paid	(2,204)	-	(2,204)
Net cash used by capital and related financing activities	(13,229)	-	(13,229)
Cash flows from investing activities:			
Interest received on investments	-	4,887	4,887
Net increase in cash and cash equivalents	51,237	225,436	276,673
Cash and cash equivalents beginning of year	(51,237)	683,553	632,316
Cash and cash equivalents end of year	\$ -	908,989	908,989
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	(54,584)	271,019	216,435
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	\$ 47,310	-	47,310
Changes in assets and liabilities:			
Increase in accounts receivable	(8,442)	-	(8,442)
Increase in due from other governments	(91,476)	-	(91,476)
Increase in lease receivable	(20,552)	-	(20,552)
Decrease in prepaid insurance	462	-	462
Decrease in accounts payable	(141,847)	(50,470)	(192,317)
Decrease in salaries payable	(5,279)	-	(5,279)
Increase in unearned revenue	6,144	-	6,144
Increase in due to other governments	18,215	-	18,215
Increase in net OPEB liability	23,716	-	23,716
Increase in compensated absences	46,041	-	46,041
Total adjustments	(125,708)	(50,470)	(176,178)
Net cash provided (used) by operating activities	\$ (180,292)	220,549	40,257

See notes to financial statements.

Bremer County  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2012

**Assets**

Cash, cash equivalents and pooled investments:

County Treasurer	\$ 1,302,038
Other County officials	63,590

Receivables:

Property tax:

Delinquent	71,724
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Succeeding year	24,572,000
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Accounts	880
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Due from other governments	19,011
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<b>Total assets</b>	<u>26,029,243</u>
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**Liabilities**

Accounts payable	77,081
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Salaries and benefits payable	11,560
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Due to other governments	25,864,411
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Trusts payable	43,414
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Compensated absences	32,777
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<b>Total liabilities</b>	<u>26,029,243</u>
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<b>Net assets</b>	<u><u>\$ -</u></u>
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See notes to financial statements.

Bremer County  
Notes to Financial Statements  
June 30, 2012

**(1) Summary of Significant Accounting Policies**

Bremer County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Bremer County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Bremer County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Ten drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Bremer County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Bremer County Auditor's Office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Bremer County Assessor's Conference Board, Bremer County Emergency Management Commission and Bremer County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, mental retardation and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General and the Special Revenue, Rural Services Funds and other revenues to be used for secondary road construction and maintenance.

The Solid Waste Management Fund is used to account for retained tonnage fees.

The Solid Waste Closure Costs Fund is used to accumulate monies for closure and postclosure care for the closing of the County's landfill.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The County reports the following major proprietary fund:

The Enterprise, Community Based Services Fund is used to finance and account for the operation of mental health facilities for County residents through the rental and use of County owned buildings and the support of various user charges.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash

flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the County apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.



D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2010 assessed property valuations; is for the tax accrual period July 1, 2011 through June 30, 2012 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2011.

Interest and Penalty on Property Tax Receivable – Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	5,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

Asset Class	Estimated Useful lives (In Years)
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	3 - 20
Equipment	2 - 20
Vehicles	3 - 10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Unearned Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which it is levied.

Unearned revenue in the Statement of Net Assets for business type activities consists of grant and other settlement monies not yet used.

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2012. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund are designated for anticipated future catastrophic losses of the County.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated.

### (2) **Cash, Cash Equivalents and Pooled Investments**

The County's deposits in banks at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial

paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**(3) Interfund Balances**

The detail of interfund receivables and payables at June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount
General:	Enterprise:	
	Community Based Services	\$ 431,025
Special Revenue:	Special Revenue:	
Secondary Roads	Local Option Sales Tax	321,489
Local Option Sales Tax	Secondary Roads	315,965
Total		<u>\$ 1,068,479</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

In addition, there is an interfund advance of \$186,267 at June 30, 2012 from the General Fund to the Enterprise, Community Based Services Fund related to the purchase of land and a building. The interfund advance is for a period of fifteen years at an interest rate of 1.25% and requires monthly installments of \$1,202. During the year ended June 30, 2012, the Community Based Services Fund repaid \$11,025 of the advance and interest of \$2,204.

**(4) Economic Development Loan**

In September 1992, the County loaned \$40,000 to a local business. The interest free loan allowed the business to purchase property and requires monthly payments of \$100. The County was repaid \$1,200 during the year ended June 30 2012, resulting in an unpaid balance of \$8,625 at June 30, 2012.

**(5) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2012 is as follows:

Transfer to	Transfer from	Amount
Special Revenue:		
Secondary Roads	General	\$ 163,662
	Special Revenue:	
	Rural Services	1,417,335
	Local Option Sales Tax	321,489
Local Option Sales Tax	Secondary Roads	315,965
Total		<u>\$ 2,218,451</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**(6) Capital Assets**

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance Beginning of Year	Increases and Transfers	Decreases and Transfers	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,348,642	45,000	(35,238)	1,358,404
Construction in progress, road network	2,075,671	2,034,055	(1,533,744)	2,575,982
Total capital assets not being depreciated	3,424,313	2,079,055	(1,568,982)	3,934,386
Capital assets being depreciated:				
Buildings	8,191,924	108,117	(162,054)	8,137,987
Equipment and vehicles	6,004,412	273,998	(60,043)	6,218,367
Infrastructure, road network	26,827,582	1,533,744	-	28,361,326
Infrastructure, other	1,488,684	-	-	1,488,684
Total capital assets being depreciated	42,512,602	1,915,859	(222,097)	44,206,364
Less accumulated depreciation for:				
Buildings	1,800,715	237,667	(4,778)	2,033,604
Equipment and vehicles	4,521,440	209,709	(37,092)	4,694,057
Infrastructure, road network	13,089,890	854,407	-	13,944,297
Infrastructure, other	80,726	68,143	-	148,869
Total accumulated depreciation	19,492,771	1,369,926	(41,870)	20,820,827
Total capital assets being depreciated, net	23,019,831	545,933	(180,227)	23,385,537
Governmental activities capital assets, net	\$ 26,444,144	2,624,988	(1,749,209)	27,319,923
<b>Business type activities:</b>				
Capital assets not being depreciated:				
Land	\$ -	35,238	-	35,238
Capital assets being depreciated:				
Buildings	490,388	162,054	-	652,442
Equipment and vehicles	168,287	-	(42,121)	126,166
Total capital assets being depreciated	658,675	162,054	(42,121)	778,608
Less accumulated depreciation for:				
Buildings	274,211	24,860	-	299,071
Equipment and vehicles	117,108	22,450	(42,121)	97,437
Total accumulated depreciation	391,319	47,310	(42,121)	396,508
Governmental activities capital assets, net	\$ 267,356	149,982	-	417,338

Depreciation expense was charged to the following functions:

Depreciation expense was charged to the following functions:

Governmental activities:

Public safety and legal services	\$ 106,144
Physical health and social services	1,671
Mental health	11,293
County environment and education	97,545
Roads and transportation	1,075,218
Governmental services to residents	62,068
Administration	15,987
Total depreciation expense - governmental activities	\$ 1,369,926

Business type activities:

Community based services	\$ 47,310
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**(7) Due to Other Governments**

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2012 is as follows:

Fund	Description	Amount
General	Services	\$ 17,897
Special Revenue:		
Mental Health	Services	252,291
Secondary Roads	Services	409
		<u>252,700</u>
Total for governmental funds		<u>\$ 270,597</u>
Agency:		
Agricultural Extension Education	Collections	\$ 201,997
County Assessor		627,662
Schools		13,790,529
Community Colleges		991,469
Corporations		9,130,176
Townships		278,994
Auto License and Use Tax		583,642
All other		259,942
Total for agency funds		<u>\$ 25,864,411</u>

**(8) Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2012 is as follows:

	Governmental Activities							Total
	General Obligation LOST Bonds	Wartburg General Obligation Economic Development Bonds	General Obligation Refunding Bonds	Early Retirement	Compen- sated Absences	Estimated Liability for Landfill Closure and Postclosure Care Costs	Net OPEB Liability	
Balance beginning of year, as restated	\$ 2,665,000	1,665,000	3,130,000	5,635	501,009	601,650	189,758	8,758,052
Increases	-	-	-	-	340,128	-	71,148	411,276
Decreases	2,665,000	1,665,000	-	852	399,868	19,950	-	4,750,670
Balance end of year	\$ -	-	3,130,000	4,783	441,269	581,700	260,906	4,418,658
Due within one year	\$ -	-	255,000	4,783	313,930	-	-	573,713

	Business Type Activities		
	Compen- sated Absences	Net OPEB Liability	Total
Balance beginning of year, as restated	\$ 70,521	63,253	133,774
Increases	103,428	23,716	127,144
Decreases	57,387	-	57,387
Balance end of year	\$ 116,562	86,969	203,531
Due within one year	\$ 67,569	-	67,569

### General Obligation Refunding Bonds

In June 2011, the County issued \$3,130,000 of general obligation refunding bonds with interest at rates ranging from .75% to 3.10%. Proceeds from the bonds, along with \$1,050,000 the County had set aside, was placed in an irrevocable trust with an escrow agent and used to purchase U.S. government securities to provide for all future debt service payments on the general obligation LOST bonds and the Wartburg general obligation economic development bonds until the crossover date of June 1, 2012. In June 2012, the outstanding LOST and Wartburg general obligation bonds were called and redeemed.

A summary of the County's June 30, 2012 outstanding general obligation refunding bonds is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2013	0.75%	\$ 255,000	63,743	318,743
2014	1.00	265,000	61,830	326,830
2015	1.30	265,000	59,180	324,180
2016	1.50	265,000	55,735	320,735
2017	1.80	275,000	51,760	326,760
2018-2022	2.10-2.90	1,645,000	159,240	1,804,240
2023	3.10	160,000	4,960	164,960
Total		\$ 3,130,000	456,448	3,586,448

#### **(9) Pension and Retirement Benefits**

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.50% of their annual covered salary and the County is required to contribute 6.95% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2012, 2011 and 2010 were \$584,015, \$487,013 and \$422,374, respectively, equal to the required contributions for each year.

#### **(10) Risk Management**

The County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool with over 663 members from various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 150% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2012 were \$123,232.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Traveler's Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the County's financial statements. As of June 30, 2012, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.



The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$500,000 and \$100,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(11) Employee Health Insurance Plan**

The Internal Service, Employee Group Health Fund was established to account for the self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through the purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County records the plan assets and related liabilities of the Employee Group Health Fund as an Internal Service Fund. The County's contribution to the fund for the year ended June 30, 2012 was \$1,644,787.

Amounts payable from the Employee Group Health Fund at June 30, 2012 total \$192,000, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior year and current year claims and to establish a reserve for catastrophic losses. That reserve was \$717,813 at June 30, 2012 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 242,470
Incurred claims (including claims incurred but not reported at June 30, 2012)	1,299,302
Payments on claims during the year	<u>(1,349,772)</u>
Unpaid claims end of year	<u>\$ 192,000</u>

**(12) Closure and Postclosure Care Costs**

To comply with federal and state regulations, the County's Landfill is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA

requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

The total costs for the County's Landfill have been estimated at \$581,700 as of June 30, 2012 and the portion of the liability that has been recognized is \$581,700. This liability represents the cumulative amount reported to date based on the use of approximately 100% of the capacity of the landfill. By October 1, 2007, Iowa solid waste landfills must have met the national Municipal Solid Waste Landfill Criteria for artificial liners under the Resource Conservation and Recovery Act (RCRA) Subtitle D, MSW landfill permitting program. The County implemented closure requirements by October 1, 2007 for all cells not meeting RCRA Subtitle D liner requirements and opened a transfer station instead of constructing new cells. The Landfill plans to maintain its recycling program and will use existing resources to finance these activities. A provision for the above liability has been made in the County's Statement of Net Assets as of June 30, 2012. The County has accumulated resources to fund these costs and, at June 30, 2012, deposits of \$1,488,893 are held for these purposes. These resources are reported in the Special Revenue, Solid Waste Closure Fund.

### **(13) Other Postemployment Benefits (OPEB)**

Plan Description – The County operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 134 active and 7 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully funded medical plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 109,911
Interest on net OPEB obligation	6,325
Adjustment to annual required contribution	<u>(15,456)</u>
Annual OPEB cost	100,780
Contributions made	<u>(5,916)</u>
Increase in net OPEB obligation	94,864
Net OPEB obligation beginning of year, as restated	<u>253,011</u>
Net OPEB obligation end of year	<u>\$ 347,875</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the County contributed \$5,916 to the medical plan. Plan members eligible for benefits did not make any contributions.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 88,203	5.0%	\$ 167,324
2011	90,909	5.8	253,011
2012	100,780	5.9	347,875

Funded Status and Funding Progress – As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$799,188, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$799,188. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$7,051,000 and the ratio of the UAAL to covered payroll was 11.33%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual and ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis.

Projected claim costs of the medical plan are \$528 per month. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

**(14) Retirement Facility Revenue Bonds**

The County has issued a total of \$17,715,000 of retirement facility revenue bonds under the provisions of Chapter 419 of the Code of Iowa. At June 30, 2012, the outstanding balance of the retirement facility revenue bonds is \$15,120,000. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

**(15) Litigation**

The County is subject to pending litigation. The County is aggressively defending a case which if not successful could result in a loss in excess of \$500,000, including plaintiff legal fees. The County carries insurance to cover such losses in excess of \$10,000.

**(16) Accounting Change/Restatements**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2012. Also, the beginning balance of the Special Revenue, Secondary Roads Fund has been restated to include road use tax receivable not recorded in the prior year. The effects of the fund type reclassification, receivable restatement and inclusion of funds not previously reported is as follows:

	General	Special Revenue			
		Secondary Roads	Conservation Land Acquisition	Sheriff's Commissary	County Attorney Forfeiture
Balances June 30, 2011, as previously reported	\$4,592,157	902,815	234,592	-	-
Change in fund type classification per implementation of GASB Statement No. 54	234,592	-	(234,592)	106,855	1,680
Road use tax receivable not recorded in prior year	-	188,454	-	-	-
Balances July 1, 2011, as restated	<u>\$4,826,749</u>	<u>1,091,269</u>	<u>-</u>	<u>106,855</u>	<u>1,680</u>

The beginning balances for governmental and business type activities were restated for the receivable not previously recorded, the funds not previously reported as governmental funds and an increase in the net OPEB liability based on a corrected actuarial report, as follows:

	Governmental Activities	Business-type Activities	Total
Balances June 30, 2011, as previously reported	\$ 33,920,905	330,911	34,251,816
Add: Road use tax receivable not previously recorded	188,454	-	188,454
Sheriff's Commissary Fund previously reported as an Agency Fund	106,855	-	106,855
County Forfeiture Fund previously reported as an Agency Fund	1,680	-	1,680
Less increase in net OPEB liability based on corrected actuarial report	(56,943)	(18,296)	(75,239)
Balances July 1, 2011, as restated	<u>\$ 34,160,951</u>	<u>312,615</u>	<u>34,473,566</u>

**Bremer County**

### **Required Supplementary Information**

Bremer County

Budgetary Comparison Schedule of  
Receipts, Disbursements and Changes in Balances -  
Budget and Actual (Cash Basis) – All Governmental Funds

Required Supplementary Information

Year ended June 30, 2012

	Actual	Less Funds not Required to be Budgeted	Net
Receipts:			
Property and other county tax	\$ 7,548,746	-	7,548,746
Interest and penalty on property tax	45,109	-	45,109
Intergovernmental	5,040,559	-	5,040,559
Licenses and permits	258,376	-	258,376
Charges for service	829,711	-	829,711
Use of money and property	312,282	-	312,282
Miscellaneous	659,170	-	659,170
Total receipts	14,693,953	-	14,693,953
Disbursements:			
Public safety and legal services	3,090,998	-	3,090,998
Physical health and social services	418,745	-	418,745
Mental health	2,578,100	-	2,578,100
County environment and education	1,106,316	-	1,106,316
Roads and transportation	4,231,859	-	4,231,859
Governmental services to residents	667,369	-	667,369
Administration	1,466,698	-	1,466,698
Nonprogram	41,319	-	41,319
Debt service	4,572,915	-	4,572,915
Capital projects	1,226,284	-	1,226,284
Total disbursements	19,400,603	-	19,400,603
Excess (deficiency) of receipts over (under) disbursements	(4,706,650)	-	(4,706,650)
Other financing sources (uses), net	(235,558)	-	(235,558)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(4,942,208)	-	(4,942,208)
Balance beginning of year	15,755,703	2,719	15,752,984
Balance end of year	\$ 10,813,495	2,719	10,810,776
See accompanying independent auditor's report.			



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Budgeted Amounts		Final to
Original	Final	Net
		Variance
7,531,249	7,531,249	17,497
14,000	14,000	31,109
5,041,688	5,158,899	(118,340)
289,050	289,050	(30,674)
768,170	793,170	36,541
332,600	332,600	(20,318)
293,790	320,167	339,003
14,270,547	14,439,135	254,818
3,382,778	3,388,658	297,660
438,426	473,341	54,596
2,390,458	2,607,462	29,362
1,245,635	1,249,182	142,866
4,292,700	4,292,700	60,841
692,191	701,013	33,644
1,539,841	1,613,364	146,666
83,000	91,591	50,272
461,651	4,564,579	(8,336)
1,286,000	1,296,000	69,716
15,812,680	20,277,890	877,287
(1,542,133)	(5,838,755)	1,132,105
12,000	3,034,928	(3,270,486)
(1,530,133)	(2,803,827)	(2,138,381)
11,173,747	11,173,747	4,579,237
9,643,614	8,369,920	2,440,856

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Bremer County

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2012

	Governmental Funds		
	Cash Basis	Accrual Adjust- ments	Modified Accrual Basis
Revenues	\$ 14,693,953	212,697	14,906,650
Expenditures	19,400,603	254,523	19,655,126
Net	(4,706,650)	(41,826)	(4,748,476)
Other financing sources, net	(235,558)	244,758	9,200
Beginning fund balances, as restated	15,755,703	261,686	16,017,389
Ending fund balances	\$ 10,813,495	464,618	11,278,113

See accompanying independent auditor's report.

Bremer County

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2012

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$4,465,210. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2012, disbursements exceeded the amount budgeted in the debt service function and disbursements in certain departments exceeded the amounts appropriated.

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Bremer County  
Schedule of Funding Progress for the  
Retiree Health Plan  
(In Thousands)

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2008	-	\$ 670	670	0.00%	\$ 5,670	11.75%
2011	Jul 1, 2008	-	650	650	0.00	6,087	10.66
2012	Jul 1, 2011	-	800	800	0.00	7,051	11.33

See Note 13 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

### **Other Supplementary Information**

Bremer County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2012

	Special					
	County	Resource				
	Recorder's	Enhancement	Federal	Tri-County	Economic	
	Records	and	Drug	Drug	Development	Rural
	Management	Protection	Money	Money	Revolving	Enterprise
<b>Assets</b>						
Cash, cash equivalents and pooled investments	\$ 6,322	32,091	3,096	40,494	120,365	25,377
Receivables:						
Property tax:						
Succeeding year tax increment financing	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Economic development loan	-	-	-	-	-	8,625
Accrued interest	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 6,322</b>	<b>32,091</b>	<b>3,096</b>	<b>40,494</b>	<b>120,365</b>	<b>34,002</b>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ -	331	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deferred revenue:						
Succeeding year tax increment financing	-	-	-	-	-	-
Other	-	-	-	-	-	8,625
Total liabilities	-	331	-	-	-	8,625
Fund balances:						
Restricted for other purposes	6,322	31,760	3,096	40,494	120,365	25,377
Total liabilities and fund balances	<b>\$ 6,322</b>	<b>32,091</b>	<b>3,096</b>	<b>40,494</b>	<b>120,365</b>	<b>34,002</b>

See accompanying independent auditor's report.

Revenue									Capital Projects	
Local									Rolling	
Option	Urban	Recorder's	Solid	Sheriff's	HHM	Convenience			Prairie	
Sales	Renewal	Electronic	Waste	Commissary	Financial	Center	Drainage		Trail	Total
Tax		Transactions	Fee		Assurance	Closure	Districts			
954,866	5,635	27	10,167	113,774	3,000	4,000	2,719		60,855	1,382,788
-	169,000	-	-	-	-	-	-	-	-	169,000
-	-	-	-	1,301	-	-	-	-	-	1,301
-	-	-	-	-	-	-	-	-	-	8,625
1,231	-	-	-	-	-	-	-	-	-	1,231
315,965	-	-	-	-	-	-	-	-	-	315,965
143,476	-	-	-	-	-	-	-	-	-	143,476
1,415,538	174,635	27	10,167	115,075	3,000	4,000	2,719		60,855	2,022,386
-	-	-	-	-	-	-	-	-	15,750	16,081
321,489	-	-	-	-	-	-	-	-	-	321,489
-	169,000	-	-	-	-	-	-	-	-	169,000
-	-	-	-	-	-	-	-	-	-	8,625
321,489	169,000	-	-	-	-	-	-	-	15,750	515,195
1,094,049	5,635	27	10,167	115,075	3,000	4,000	2,719		45,105	1,507,191
1,415,538	174,635	27	10,167	115,075	3,000	4,000	2,719		60,855	2,022,386

Bremer County

Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2012

	Special					
	County Recorder's Records Management	Resource Enhancement and Protection	Federal Drug Money	Tri-County Drug Money	Economic Development Revolving	Rural Enterprise
Revenues:						
Local option sales tax	\$ -	-	-	-	-	-
Tax increment financing	-	-	-	-	-	-
Intergovernmental	-	13,297	-	10,969	-	-
Charges for service	5,004	-	-	-	-	-
Use of money and property	14	46	8	63	310	-
Miscellaneous	-	-	-	-	-	1,200
Total revenues	5,018	13,343	8	11,032	310	1,200
Expenditures:						
Operating:						
Public safety and legal services	-	-	2,091	9,244	-	-
County environment and education	-	8,714	-	-	7,384	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total expenditures	-	8,714	2,091	9,244	7,384	-
Excess (deficiency) of revenues over (under) expenditures	5,018	4,629	(2,083)	1,788	(7,074)	1,200
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Change in fund balances	5,018	4,629	(2,083)	1,788	(7,074)	1,200
Fund balances beginning of year, as restated	1,304	27,131	5,179	38,706	127,439	24,177
Fund balances end of year	\$ 6,322	31,760	3,096	40,494	120,365	25,377

See accompanying independent auditor's report.



Revenue										Capital Projects	
Local Option Sales Tax	Urban Renewal	Recorder's Electronic Transactions	Solid Waste Fee	Sheriff's Commissary	HHM Financial Assurance	Convenience Center Closure	Drainage Districts	County Attorney Forfeiture	Rolling Prairie Trail	Total	
942,884	-	-	-	-	-	-	-	-	-	942,884	
-	181,439	-	-	-	-	-	-	-	-	181,439	
-	-	-	1,346	-	-	-	-	-	-	25,612	
-	-	-	-	-	-	-	-	-	-	5,004	
11,526	196	-	-	21,819	-	-	-	-	-	33,982	
1,322	-	-	-	-	-	-	-	-	-	2,522	
955,732	181,635	-	1,346	21,819	-	-	-	-	-	1,191,443	
-	-	-	-	13,599	-	-	-	1,680	-	26,614	
-	-	-	-	-	-	-	-	-	-	16,098	
287,753	178,898	-	-	-	-	-	-	-	-	466,651	
676,074	-	-	-	-	-	-	-	-	24,910	700,984	
963,827	178,898	-	-	13,599	-	-	-	1,680	24,910	1,210,347	
(8,095)	2,737	-	1,346	8,220	-	-	-	(1,680)	(24,910)	(18,904)	
315,965	-	-	-	-	-	-	-	-	-	315,965	
(321,489)	-	-	-	-	-	-	-	-	-	(321,489)	
(5,524)	-	-	-	-	-	-	-	-	-	(5,524)	
(13,619)	2,737	-	1,346	8,220	-	-	-	(1,680)	(24,910)	(24,428)	
1,107,668	2,898	27	8,821	106,855	3,000	4,000	2,719	1,680	70,015	1,531,619	
1,094,049	5,635	27	10,167	115,075	3,000	4,000	2,719	-	45,105	1,507,191	

Bremer County  
Combining Schedule of Fiduciary Assets and Liabilities  
Agency Funds

June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets</b>				
Cash and pooled investments:				
County Treasurer	\$ -	1,347	321,019	92,496
Other County officials	63,590	-	-	-
Receivables:				
Property tax:				
Delinquent	-	650	1,584	43,033
Succeeding year	-	200,000	403,000	13,655,000
Accounts	425	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<b>\$ 64,015</b>	<b>201,997</b>	<b>725,603</b>	<b>13,790,529</b>
<b>Liabilities</b>				
Accounts payable	\$ -	-	62,042	-
Salaries and benefits payable	-	-	9,603	-
Due to other governments	20,601	201,997	627,662	13,790,529
Trusts payable	43,414	-	-	-
Compensated absences	-	-	26,296	-
<b>Total liabilities</b>	<b>\$ 64,015</b>	<b>201,997</b>	<b>725,603</b>	<b>13,790,529</b>

See accompanying independent auditor's report.

Community Colleges	Corpor- ations	Townships	Auto License and Use Tax	City Special Assessments	Other	Total
6,456	54,620	2,116	583,642	7,095	233,247	1,302,038
-	-	-	-	-	-	63,590
3,013	22,556	878	-	-	10	71,724
982,000	9,053,000	276,000	-	-	3,000	24,572,000
-	-	-	-	-	455	880
-	-	-	-	-	19,011	19,011
991,469	9,130,176	278,994	583,642	7,095	255,723	26,029,243
-	-	-	-	-	15,039	77,081
-	-	-	-	-	1,957	11,560
991,469	9,130,176	278,994	583,642	7,095	232,246	25,864,411
-	-	-	-	-	-	43,414
-	-	-	-	-	6,481	32,777
991,469	9,130,176	278,994	583,642	7,095	255,723	26,029,243

Bremer County

Combining Schedule of Changes in Fiduciary Assets and Liabilities  
Agency Funds

Year ended June 30, 2012

	County Offices	Agricultural Extension Education	County Assessor	Schools
<b>Assets and Liabilities</b>				
Balances beginning of year, as restated	\$ 88,154	198,361	841,495	13,695,717
Additions:				
Property and other county tax	-	198,718	399,877	13,564,868
E911 surcharges	-	-	-	-
State tax credits	-	6,317	15,398	429,938
Office fees and collections	511,235	-	-	-
Assessments	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Trusts	277,004	-	-	-
Miscellaneous	-	-	583	-
Total additions	788,239	205,035	415,858	13,994,806
Deductions:				
Agency remittances:				
To other funds	301,243	-	-	-
To other governments	214,104	201,399	531,750	13,899,994
Trusts paid out	297,031	-	-	-
Total deductions	812,378	201,399	531,750	13,899,994
Balances end of year	\$ 64,015	201,997	725,603	13,790,529

See accompanying independent auditor's report.

Community Colleges	Corpora- tions	Townships	Auto License and Use Tax	City Special Assessments	Other	Total
944,160	6,809,172	262,159	573,420	7,434	393,278	23,813,350
975,947	10,790,429	276,567	-	-	2,978	26,209,384
-	-	-	-	-	126,159	126,159
29,398	206,215	8,843	-	-	98	696,207
-	-	-	-	-	-	511,235
-	-	-	-	56,828	-	56,828
-	-	-	7,258,759	-	-	7,258,759
-	-	-	-	-	-	277,004
-	-	-	-	-	272,824	273,407
1,005,345	10,996,644	285,410	7,258,759	56,828	402,059	35,408,983
-	-	-	242,097	-	-	543,340
958,036	8,675,640	268,575	7,006,440	57,167	539,614	32,352,719
-	-	-	-	-	-	297,031
958,036	8,675,640	268,575	7,248,537	57,167	539,614	33,193,090
991,469	9,130,176	278,994	583,642	7,095	255,723	26,029,243

Bremer County

Schedule of Revenues By Source and Expenditures By Function -  
All Governmental Funds

For the Last Ten Years

	2012	2011	2010	2009
Revenues:				
Property and other county tax	\$ 6,672,040	6,704,917	7,050,480	6,860,989
Local option sales tax	942,884	838,622	882,241	857,459
Interest and penalty on property tax	45,109	51,494	49,598	45,661
Intergovernmental	5,159,518	5,576,557	5,338,817	5,553,202
Licenses and permits	265,163	249,392	310,690	288,404
Charges for service	816,949	654,575	633,558	661,815
Use of money and property	313,573	419,978	592,226	767,094
Miscellaneous	691,414	293,070	493,904	319,345
Total	\$ 14,906,650	\$ 14,788,605	15,351,514	15,353,969
Expenditures:				
Operating:				
Public safety and legal services	\$ 3,103,537	3,025,586	2,870,066	2,826,284
Physical health and social services	408,499	353,889	562,968	577,372
Mental health	2,690,714	2,106,996	2,005,729	2,219,420
County environment and education	1,104,944	1,265,032	1,108,565	1,656,288
Roads and transportation	4,361,680	4,275,762	3,709,169	3,430,498
Governmental services to residents	665,843	585,422	647,335	613,004
Administration	1,474,736	1,429,517	1,570,439	1,378,310
Nonprogram	36,532	29,410	74,016	170,654
Debt service	4,572,915	516,907	465,060	476,511
Capital projects	1,235,726	1,291,301	624,698	519,651
Total	\$ 19,655,126	\$ 14,879,822	13,638,045	13,867,992

See accompanying independent auditor's report.

Modified Accrual Basis					
2008	2007	2006	2005	2004	2003
6,413,595	6,129,820	5,628,576	5,280,083	4,675,002	4,282,234
854,683	748,591	655,722	772,738	532,783	-
47,639	49,600	40,636	42,804	44,451	44,487
4,582,053	3,648,166	3,731,301	4,880,199	3,644,926	3,574,954
247,059	322,052	221,814	200,170	155,811	137,844
901,004	1,231,011	1,184,065	1,229,355	1,274,480	1,167,851
572,348	376,759	317,050	266,886	223,839	256,342
324,838	458,717	369,022	298,883	373,885	210,365
13,943,219	12,964,716	12,148,186	12,971,118	10,925,177	9,674,077
2,697,168	2,511,977	2,313,922	1,953,695	1,890,744	1,615,367
547,100	534,235	512,458	465,340	483,770	411,970
1,992,300	1,728,055	1,567,486	1,416,369	1,531,881	1,530,660
1,313,002	1,134,194	1,138,378	3,177,166	1,281,420	920,217
3,432,671	3,521,063	3,569,534	3,401,696	3,377,603	2,962,086
527,507	573,163	382,663	462,790	457,446	382,252
1,335,826	1,294,252	1,666,265	1,002,011	1,081,711	1,686,453
-	-	-	3,991	-	-
763,447	689,851	713,348	700,218	965,218	58,181
1,469,981	338,574	1,168,136	3,001,102	1,994,118	533,767
14,079,002	12,325,364	13,032,190	15,584,378	13,063,911	10,100,953

**Schedule 6**

Bremer County  
Schedule of Expenditures  
of Federal Awards

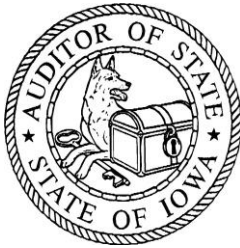
June 30, 2012

<b>Grantor/Program</b>	<b>CFDA Number</b>	<b>Agency or Pass-through Number</b>	<b>Expenditures</b>
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		\$ 13,747
U.S. Department of Justice:			
Iowa Department of Justice:			
Crime Victim Assistance	16.575	VA-12-78	17,100
U.S. Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	BROS-C009(50)--8J-09	432,218
Governor's Traffic Safety Bureau:			
State and Community Highway Safety	20.600		4,500
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State Administered programs	93.566		25
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		3,047
Foster Care - Title IV-E	93.658		5,017
Adoption Assistance	93.659		1,465
Children's Health Insurance Program	93.767		48
Medical Assistance Program	93.778		12,915
Social Services Block Grant	93.667		4,403
Social Services Block Grant	93.667		67,063
			71,466
Iowa Department of Public Health:			
Public Health Emergency Preparedness	93.069	5881BT09	5,844
Public Health Emergency Preparedness	93.069	5882BT09	21,151
			26,995
National Bioterrorism Hospital Preparedness Program	93.889	5887EM137	30,000
U.S. Department of Homeland Security:			
Iowa Department of Public Defense:			
Iowa Homeland Security and Emergency Management Division:			
Emergency Management Performance Grants	97.042	EMPG-12-PT-09	28,175
Total			\$ 646,718

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Bremer County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

See accompanying independent auditor's report.





**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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Auditor of State

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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Officials of Bremer County:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated July 25, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Bremer County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Bremer County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Bremer County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bremer County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-A-12 through II-D-12 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as items II-E-12 through II-K-12 to be significant deficiencies.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bremer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is described in Part IV of the accompanying Schedule of Findings and Questioned Costs.


Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Bremer County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the County's responses, we did not audit Bremer County's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Bremer County and other parties to whom Bremer County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Bremer County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

July 25, 2013



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

Mary Mosiman, CPA  
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Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct and Material Effect  
on Each Major Program and on Internal Control over Compliance in Accordance  
with OMB Circular A-133

To the Officials of Bremer County:

Compliance

We have audited Bremer County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2012. Bremer County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of Bremer County's management. Our responsibility is to express an opinion on Bremer County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bremer County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bremer County's compliance with those requirements.

In our opinion, Bremer County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

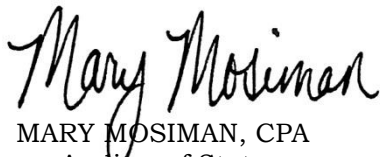
Internal Control Over Compliance

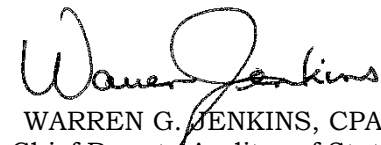
The management of Bremer County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Bremer County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bremer County's internal control over compliance.

A deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Bremer County and other parties to whom Bremer County may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

  
MARY MOSIMAN, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

July 25, 2013

**Bremer County**

Bremer County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2012

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.205 – Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Bremer County did not qualify as a low-risk auditee.

Bremer County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

II-A-12 Segregation of Duties – During our review of internal control, the existing control activities are evaluated in order to determine incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements. Generally, one or two individuals in the offices identified may have control over the following areas for which no compensating controls exist:

	Applicable Offices
(1) Receipts – opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Sheriff, Treasurer, Community Based Services, Recorder and County Extension Office
(2) Bank reconciliations are not prepared by someone who doesn't sign checks, handle or record cash.	Sheriff, Treasurer, Community Based Services, Recorder and County Extension Office
(3) Bank reconciliations are not reviewed periodically by an independent person for propriety.	Sheriff, Treasurer and Recorder
(4) The person who signs checks is not independent of the individual who records cash receipts and prepares checks.	Sheriff, Treasurer and Recorder
(5) An accounting procedures manual has not been prepared.	Sheriff, Treasurer and Recorder
(6) Investments – custody and accounting.	Treasurer
(7) All incoming mail is opened by an employee who is authorized to make entries to the accounting records. An independent employee does not prepare a listing of cash and checks received.	Sheriff, Treasurer, Community Based Services and Recorder
(8) Payroll – No independent review is performed.	County Extension Office

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each official should review the control procedures of their office to obtain the maximum internal control possible under the circumstances. Each official should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports. Such reviews should be performed by independent persons to the extent possible and should be evidenced by the signature or initials of the reviewer and the date of the review.

Bremer County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Responses –

County Treasurer – We will review duties within the office to try to divide duties between employees and rotate duties among employees on a random basis. We will have an independent person (Finance Director) review the bank reconciliations periodically. We will create an accounting procedure manual. We will give a copy of investments to an independent individual. We will make a list of incoming mail to show the checks get deposited and can be traced to the correct accounts. Anyone processing mail will not open mail.

County Recorder – We will review procedures and make changes to improve internal control as appropriate and possible.

County Sheriff – The Sheriff's office will review the office operations and segregate duties when possible. Subsequent reviews will be performed and documented.

Community Based Services – Supported Community Living (SCL) and Home Health will follow the recommended procedure for segregation of duties, in which one person will be assigned to open the mail and identify mailings that have any monies (checks, money orders, etc.) inside the envelope. This will be an employee who is not authorized to make an entry to the accounting records. This person will log, create an Initial Cash Listing listing the date received, check number, check amount, total dollar amount and number of items. This person will then bring all monies to the finance officer for entering into the Peachtree system and depositing in the County Treasurer Accounts. As a part of an independent review, an independent reviewer (someone not logging/receipting monies or entering/depositing monies) will complete a random check audit to ensure all monies logged and receipted were entered into the Peachtree system and deposited into the County Treasurer Account. The independent reviewer will show evidence of the review by the signature or initials of the reviewer and the date of the review. This internal control will ensure that at the end of each month there is an account for all receipt numbers and monies entered/deposited into the account and that both of these monies match.

County Extension Office - We are aware that the segregation of duties is very important and have developed the following strategy to help mitigate any losses in regards to the bank reconciliation preparation. As it is not feasible with the amount of staff available to have an independent person prepare the bank reconciliations, we will implement a review process. Monthly, the bank reconciliation reports along with the bank statement will be reviewed, initialed and dated by the extension council treasurer per fiscal policy at the Council meetings.

Conclusions – Responses accepted.

- II-B-12 Financial Reporting – We identified material amounts of receivables, payables and capital asset additions and deletions which were not properly recorded in the County's financial statements. Adjustments were subsequently made by the County to properly include these amounts in the financial statements.



Bremer County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation – The County should implement procedures to ensure all receivables, payables and capital asset additions and deletions are properly recorded and included in the County's financial statements.

Response – We will make appropriate changes in the future and work with appropriate officials to make changes.

Conclusion – Response accepted.

- II-C-12 Capital Assets – Procedures do not exist to perform an independent review of the capital asset listing to determine whether assets on the listing exist or whether all existing assets have been included. Certain capital assets below the capitalization thresholds set out in the capital assets policy were included on the capital asset listing.

Recommendation – An independent review of the capital asset listing should be performed periodically to ensure the completeness of the listing and ensure the assets listed exist. Only assets within the thresholds set out in the capital assets policy should be included on the capital asset listing.

Responses –

County – The recommendation has been implemented by the County Auditor's Office.

Community Based Services - At Community Based Services, the Director will complete an audit (spot checks) of the assets listing to make sure all of the items on the listing are accounted for. Community Based Services will complete an annual inventory. The Home Health Director will complete Home Health's inventory/audit and the SCL Director will complete SCL's inventory/audit. The Finance Officer, along with each side's Director, will ensure proper tracking of additions and deletions throughout the year. Community Based Services will only place assets on the capital assets listing within the threshold set out within Bremer County's capital asset policy.

Conclusions – Responses accepted.

- II-D-12 Community Based Services Receipts – Pre-numbered receipts were not issued for all collections. Also, the accounts receivable listing at June 30, 2012 was not complete.

Recommendation – Pre-numbered receipts should be issued for all collections. Also, procedures should be implemented to ensure all accounts receivable are included at year end.

Response – To ensure pre-numbered receipts are issued for all collections an employee who is not authorized to make an entry to the accounting records will create a pre-numbered receipt for all monies accepted into the agency. As a part of an independent review, an independent reviewer (someone not logging/receipting monies or entering/depositing monies) will complete a random checks audit monthly to ensure all monies receipted were entered into the

Bremer County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Peachtree system and deposited into the County Treasurer account. The independent reviewer will show evidence of the review by initials or signature of the reviewer and the date of the review.

A separate pre-numbered receipt book for monies received by EFT (electronic fund transfer) will be kept. In this case, the respective biller for each fund Medicare/Medicaid will receive electronically a report by email of all monies deposited for each bill submitted to each funding source. The biller will print this electronic notification out and keep in a file for reference. The biller will create a pre-number receipt for the EFT amount for each EFT which is given an EFT number, there will be only 1 pre-number receipt book for EFT's for the home health side, and 1 pre-numbered receipt book for the SCL side. An independent reviewer will complete a random checks audit monthly to ensure all monies receipted were entered into the Peachtree system and deposited into the County Treasurer account. The independent reviewer will show evidence of the review by initials or signature of the reviewer and the date of the review.

Conclusion – Response accepted.

- II-E-12 Electronic Data Processing System – The County does not have a written disaster recovery plan.

Recommendation – A written disaster recovery plan should be developed.

Response – The IT department and emergency management are working on a plan to address disaster recovery.

Conclusion - Response accepted.

- II-F-12 County Sheriff – Procedures do not exist to reconcile the cashbook balance for garnishments/trusts to the individual garnishments/trusts on hand at month end. A reconciliation of book to bank balances for all accounts was not performed as of June 30, 2012. Instead, the fee and commissary accounts were reconciled as of July 11, 2012 since the bank statements did not cut-off as of June 30.

During the year, room and board receipts were not deposited timely. Additionally, a restrictive endorsement was not placed on checks immediately upon receipt.

Recommendation – A listing of individual garnishments/trusts should be prepared at month end and reconciled to the cashbook balance. A reconciliation of book to bank balances should be performed for all accounts monthly.

All room and board receipts should be deposited timely. A restrictive endorsement (for deposit only) should be placed on all checks when received.

Response – The Sheriff's Office procedures have been implemented that a monthly listing of trusts will be prepared. We have also contacted the banks and are working on obtaining statements to the last day of the month.

We will deposit room and board receipts more timely. We have ordered stamps and will immediately upon receipt of checks stamp them "For Deposit Only".

Conclusion – Response accepted.

Bremer County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- II-G-12 County Recorder – Refunds for overpayments at times were made by cash sent through the mail. Copy monies are kept in a separate drawer, are not recorded timely and are used to make change.

Additionally, business was cut-off early at June 30, 2012 with receipts after the cut-off time recorded in July.

Recommendation – All refunds for overpayments sent through the mail should be done by check. Copy monies should be kept with other collections and recorded timely in the cashbook.

Also, business should not be cut-off early on June 30.

Response – We will do so as recommended.

Conclusion – Response accepted.

- II-H-12 Undeposited Collections from the County Recorder's Office – The County Recorder's Office collects a number of fees. A substantial portion of the amount collected is a per page fee for documents which are required to be recorded with the County, such as mortgages, condemnations, easements and tax liens. The Office also collects real estate transfer tax for the Iowa Department of Revenue and issues hunting and fishing licenses and registers and titles boats, snowmobiles and all-terrain vehicles for the Iowa Department of Natural Resources. In addition, individuals may apply for passports at the Office and have their picture taken there for the passports. Fees are collected for both the application and the picture. Fees are also collected for photocopying done at the Office.

The fees collected are recorded in a software program which tracks the type of fee collected each day. The software also assigns a document number to each type of collection. The document number recorded in the software program corresponds to the individual documents recorded for the County by the Office. The document numbers also correspond to supporting documentation maintained by the Office for other types of collections. For example, the document number recorded in the software system for passport photo fees corresponds to a daily summary of the number of photos taken on the related day.

The cash and checks collected during the day for the various fees are kept in a centralized location. At the end of each business day, the cash and checks are balanced to the collections recorded in the software system and prepared for deposit to the bank. Each employee in the Office, on a rotating basis, is responsible for balancing the collections to the software system. The Recorder balances the collections to the software system on Mondays, Wednesdays and Fridays. The Deputy Recorders perform the balancing on Tuesdays and Thursdays. Each employee also has the ability to change information recorded in the software system. The information in the system can be changed to balance with the amount of collections prepared for deposit to the bank. The software system does not have an audit trail function which records who makes changes to the information recorded.

Bremer County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

By comparing the supporting documentation to information recorded in the software system, we identified passport photo and copy fees which were collected in the Office but were not properly deposited. Specifically, we determined passport photo fees were not properly deposited on 30 individual days between August 16, 2012 and January 28, 2013. The undeposited passport photo fees totaled \$560.00. Variances between the supporting documentation and the amount recorded in the software system were also identified on March 23, 2012 and March 27, 2012. However, the amount of the variances for these days offset each other. Specifically, on March 23, 2012, a \$10.00 fee for a single passport photo was not properly recorded in the software program. However, on March 27, 2012, an extra \$10.00 fee was recorded.

We also determined the supporting documentation for copy fees did not agree with the amount recorded in the software system for 5 days between May 30, 2012 and December 31, 2012. For 4 of the days, the amount collected was greater than the amount recorded. However, for the remaining day, the amount recorded exceeded the amount collected. The net amount of undeposited copy fees totaled \$64.75.

On February 12, 2013, the County Recorder, Donna Ellison, was interviewed by a special agent of the Iowa Division of Criminal Investigation. During the interview, she stated she removed cash from the Recorder's Office. She was charged with felony misconduct in office and 3<sup>rd</sup> degree theft on February 12, 2013 in connection with the undeposited collections. On May 13, 2013, Ms. Ellison pleaded guilty to both charges. She resigned as County Recorder on February 13, 2013. She had been the County Recorder since 1995.

Recommendation – We realize segregation of duties is difficult with a limited number of staff. However, duties related to collections should be segregated to the extent possible. Specifically, the individual balancing the cash and checks collected each day should not be able to change the information recorded in the software system which tracks each day's collections. In addition, bank statements should be delivered to and reviewed by an official who does not collect or disburse funds for the Recorder's Office or a second independent party should review the bank statements in a timely manner to identify any unusual activity.

Response – We will review procedures and make changes to improve internal control as appropriate and possible.

Conclusion – Response accepted.

- II-I-12 County Treasurer – A reconciliation of delinquent taxes for real estate and mobile homes was not prepared. Accrued interest was not computed for certificates of deposit on hand at June 30, 2012. Additionally, money collected on a tax sale receipt of \$1,800 in May 2012 was properly deposited in the bank account, but was not recorded in the receipts records and is a reconciling item on the bank reconciliation.

Bremer County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation – A reconciliation of delinquent taxes for real estate and mobile homes should be prepared at year end with detailed listings to support activity. Accrued interest should be computed for certificates of deposit on hand at the end of the year. All money collected should be recorded immediately upon receipt.

Response – We will reconcile delinquent taxes and mobile home taxes at year end with detail to support activity. We will compute accrued interest for CD's and process receipts immediately upon collection.

Conclusion – Response accepted.

II-J-12 Conservation Department – There is a lack of segregation of duties for receipts as the same person is responsible for collecting, depositing, posting and daily/weekly reconciling.

Camping receipts are collected by individuals not employed by the County. These individuals retain cash of \$1 per night per camper as a fee. Also, a restrictive endorsement was not placed on checks immediately upon receipt.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the control activities should be reviewed to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel or Conservation Board members to provide additional control through review of financial transactions, reconciliations and reports.

All camping receipts should be deposited intact by County employees. If contracted individuals are used, the contracted fee should be paid by a County claim with the required Internal Revenue Service form 1099 issued annually. A restrictive endorsement (for deposit only) should be placed on all checks when received.

Response – I have discussed the way we collect camp receipts with the Bremer County Conservation Board and Board of Supervisors. Both agree that our present system is working and need not be changed. I, therefore, plan to continue to have individuals who live near each park collect camp receipts for the Conservation Board. This saves the county a great deal of money by not having me drive to each park at least once each night all summer to collect from campers. I will then periodically collect these receipts from these people and deposit the money. They will continue to receive \$1.00 per night of camping for each receipt picked up.

The control measures we have in place are the comparison of totals from when the collectors initially count the receipts when collected and myself counting them when I pick them up. Whenever possible, both collection receipts will be attached to my deposit slips and kept for records. Any changes in the two totals will have my initialed notes with them. The statement, "For Deposit Only Bremer County Conservation Board" is stamped on the checks as soon as I receive them.

Conclusion – Response acknowledged. All receipts should be deposited intact. A check should be issued to those paid for collecting the camping receipts. If one individual is paid \$600 or more in one year, the County is required by IRS regulations to submit a form 1099 for that individual.

Bremer County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

II-K-12 County Landfill – There is a lack of segregation of duties for receipts as the same person is responsible for collecting, depositing, posting and daily/weekly reconciling.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the control activities should be reviewed to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel to provide additional control through review of financial transactions, reconciliations and reports.

Response – I am open to random spot checks from the Board at any time.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCIES:**

No material weaknesses in internal control over the major program were noted.

Bremer County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-12 Certified Budget – Disbursements during the year ended June 30, 2012 exceeded the amount budgeted in the debt service function. Also, disbursements in certain departments for the year ended June 30, 2012 exceeded the amounts appropriated.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response – We will make efforts to not exceed appropriated amounts with future budgets. The circumstances related to this disbursement were in connection to refinancing the general obligation bonds and resulted in an equal revenue amount into the escrow account to complete the refinancing process.

Conclusion – Response accepted.

- IV-B-12 Questionable Expenditures – Certain expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented were noted. These expenditures are detailed as follows:

Paid to	Purpose	Amount
Liddle's Ecowater Systems	Bottled water for County Attorney's Office	\$ 264

According to the opinion, it is possible for certain expenditures to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation - The Board of Supervisors should determine and document the public purpose served by these expenditures before authorizing any further payments. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation.

Response – This continues to be a legal claim based on the County Attorney's opinion.

Conclusion – Response acknowledged. If this practice is continued, the County should establish written policies and procedures, including the requirement for proper documentation of public purpose.

Bremer County

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

IV-C-12 Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-D-12 Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Dennis Havekamp, Secondary Roads employee, self employed	Janitorial services	\$ 1,320

In accordance with Chapter 331.342 of the Code of Iowa, the above transaction does not appear to represent a conflict of interest since the total amount for the individual is less than \$1,500 during the fiscal year.

IV-E-12 Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-12 Board Minutes – No transactions were found which we believe should have been approved in the Board minutes but were not.

IV-G-12 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.

IV-H-12 Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

IV-I-12 Electronic Check Retention – County Treasurer and County Recorder – Chapter 554D.114 of the Code of Iowa allows County officials to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The County Treasurer and County Recorder retain cancelled checks through electronic image but do not obtain an image of the back of each cancelled check as required.

Recommendation – The County Treasurer and County Recorder should obtain and retain an image of both the front and back of each cancelled check as required.

Responses –

County Treasurer – We will contact banks to obtain an image of both the front and back of each cancelled check.

County Recorder – We have implemented this recommendation recently and will continue to do so.

Conclusions – Responses accepted.



Bremer County  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2012

IV-J-12    Financial Condition – The Enterprise, Community Based Services Fund had a deficit cash balance of \$244,758 at June 30, 2012.

Recommendation – The County should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – The County is in the process of reviewing the viability of the entire CBS enterprise.

Conclusion—Response accepted.

IV-K-12    County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2012 for the County Extension Office did not exceed the amount budgeted.

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Bremer County

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager  
Darryl J. Brumm, CPA, Senior Auditor II  
Kelly L. Hilton, Senior Auditor  
William B. Corley, Staff Auditor  
Daniel J. Mikels, Staff Auditor  
Philip A. Rethwisch, Staff Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State